



Lesson 8—Handout 1

Guided Notes

Lesson 8 Vocabulary

Credit score—A number that predicts the likelihood that a debt will be repaid on time.

Credit report—Shows your bill payment history, current debt and other financial information.

Secured credit card—Requires a cash deposit that becomes the credit line.

Credit-builder loan—A loan where the amount you borrow is held in an account while you make payments.

Retail store credit card—Offered by stores such as gas stations, retail chains and department stores.

Character—Information that lenders gather about a borrower’s willingness to repay a loan.

Capacity—Information lenders gather about a borrower’s ability to repay a loan.

Collateral—Protection for creditors in the event they are not repaid.

Brainstorm

Are there similar characteristics between grade-point average (GPA) and a credit score?



Lesson 8—Handout 1

Guided Notes (Cont.)

Fill in the blank

_____ is a number that predicts the likelihood that a debt will be repaid on time.

Define credit score in your own word

Describe the three ways credit reports are used.



Lesson 8—Handout 1

Guided Notes (Cont.)

You can get a free report at the official site **annualcreditreport.com**.

List the three credit reporting agencies below:

1.

2.

3.

You can start to build your credit by either using a secured credit card, a credit-builder loan or opening a retail store credit card. If you were ready to start building your credit, which would you prefer and why?

Why is it important to check your credit report?

Explain how character, capacity and collateral are used to determine a borrower's creditworthiness.